

# **Transfer of Cable Franchise from Comcast**



**to**

# **Time Warner**





**CITY COUNCIL BRIEFING**

**November 2, 2005**

# PURPOSE



**Provide findings and recommendations regarding the transfer of the cable franchise from Comcast Cable of Dallas, LP (Comcast) to Time Warner Cable**

-  **Background**
-  **Current Rate Filing**
-  **Pending issues**
-  **Consent Options**

# BACKGROUND





**August 23, 2000, City granted a franchise to TCI Cablevision of Dallas, Inc. to own, operate and maintain a cable television system in the City of Dallas (Ordinance #24361)**

- ❏ TCI Cablevision of Dallas, Inc. was a wholly owned subsidiary of AT&T Cable**

# BACKGROUND



## **AT&T Cable was acquired by Comcast Cable**

-  **City approved the transfer of control of the franchisee, TCI Cablevision of Dallas, Inc., from AT&T Cable to Comcast Cable on May 22, 2002 (Ordinance #24947)**
-  **Comcast Cable changed the name of the the franchisee from TCI Cablevision of Dallas, Inc. to Comcast of Dallas, LP (no City approval required)**

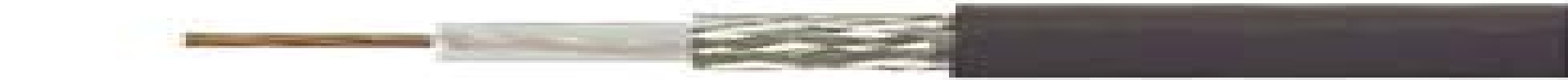
# BACKGROUND



**April 21, 2005 Time Warner Inc. and Comcast Corporation announced that they had reached definitive agreements to acquire substantially all the assets of Adelphia Communications Corporation**

- As part of the transaction Time Warner Inc. and Comcast Corporation agreed to swap certain cable systems**

# BACKGROUND





**June 10, 2005, Time Warner Cable Requested City approval for transfer of the franchise from Comcast to Time Warner**

- ❏ FCC form 394 contains basic information needed by franchising authority to consider filing**

# BACKGROUND





**The transfer of the franchise is a two step process:**

-  **First, the franchise will be from Comcast of Dallas, LP to C-Native Exchange III, LP, a wholly owned subsidiary of Comcast Cable**
-  **Second, Comcast Cable will transfer control of C-Native Exchange III, LP to Time Warner Cable Inc.**

# BACKGROUND



**The City in conjunction with other area cities contracted with C2 Consulting Services, Inc. (C2) to review the request**

-  C2 has expertise in cable franchising**
-  C2 made inquiries into the qualifications of Time Warner Cable and C-Native Exchange III, LP**



# BACKGROUND



**A Public Hearing was held October 26,  
2005**

# •TELECOMMUNICATIONS ACT OF 1934 (AS AMENDED) – SECTION 541

- ❏ **Franchise authorities must approve or deny transfer requests within 120 days (Oct. 8, 2005)**
  - ❏ **Time Warner and Comcast agreed to an extension of the deadline until December 15, 2005**
- ❏ **If no action taken, the request will be considered granted**
- ❏ **Franchising authority may deny transfer if the new operator does not possess the financial or technical ability to operate the system and provide the services required in the franchise**

# Findings



**Time Warner was unable to provide the necessary Financial information for C-Native Exchange III, LP necessary for C2 to determine C-Native Exchange III, LP's ability to operate the cable system**




**Time Warner Cable, the parent of C-Native Exchange III, LP after the transfer is complete, appears to have the Financial and Technical ability to operate the cable system**

# Issues Still Pending



- ❏ **The City requires that the new franchisee, C-Native Exchange III, LP, accept the franchise agreement and agree to be bound by its terms and conditions**
  - ❏ **C-Native Exchange III, LP and the City have not yet agreed on the form of that acceptance**
- ❏ **Because C-Native Exchange III, LP has no assets or income, the City is demanding that Time Warner Cable guarantee the performance of the franchisee**
  - ❏ **Time Warner Cable and the City have not yet agreed on the form of the Guarantee**

# Options

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- **Approve the request for transfer of the cable franchise**
  - **Deny the request for transfer of the cable franchise**
  - **Take no action**
    - Request would be deemed approved if no action by December 15, 2005

# What's Next



**Today: Council Briefing**

**City Manager's recommendation to be provided prior to Council Action**

**December 5, 2005: Council Action**